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C O N F I D E N T I A L SECTION 01 OF 02 BEIJING 001790

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E.O. 12958: DECL: 03/16/2032

TAGS: PGOV ECON SOCI CH

SUBJECT: ANNUAL LEGISLATIVE SESSION CONCLUDES WITH PASSAGE  
OF PROPERTY LAW

REF: A. BEIJING 1776

- 1B. BEIJING 1763
- 1C. BEIJING 1752
- 1D. BEIJING 1700
- 1E. BEIJING 1672
- 1F. BEIJING 1615
- 1G. BEIJING 1591
- 1H. BEIJING 1590
- 1I. BEIJING 1528
- 1J. BEIJING 1482
- 1K. BEIJING 1404
- 1L. BEIJING 1403

Classified By: Political Internal Unit Chief Susan Thornton.  
Reasons 1.4 (b) and (d).

SUMMARY

11. (C) China's controversial Property Law passed with 97 percent of the vote at the March 16 closing session of the National People's Congress (NPC). As is the case every year, all 11 items on the docket at the final session were approved handily, though NPC deputies seemed genuinely surprised by the margin with which the Property Law passed. The Chinese People's Political Consultative Conference (CPPCC) closed the day before, adopting a "political resolution" warning Taiwan authorities against seeking de jure independence. Although Chinese media have touted the "open" nature of this year's "two meetings," they still are largely orchestrated, designed to provide legitimacy and build consensus for decisions already made by the Party. While the Party leadership is likely pleased that this year's sessions brought further attention to dealing with social problems and building a "harmonious society," it runs the risk of being unable to meet rising public expectations for solutions to the many problems identified over the past two weeks. End Summary.

CURTAIN FALLS ON CHINA'S ANNUAL SPRING SPECTACLE

12. (C) The March 16 closing session of the National People's Congress (NPC) officially brought China's annual legislative session to an end. The atmosphere in the Great Hall of the People was festive, with nearly 3,000 NPC deputies from across the country, many decked out in ethnic garb, chatting and snapping photos to commemorate the event. Once NPC Chairman Wu Bangguo opened the final proceedings, however, it was all business, as he led delegates through votes on 11 government reports or pieces of legislation in quick succession. The entire Politburo Standing Committee, minus the ailing Huang Ju, was in attendance. (Note: While Huang appeared at the NPC opening and for a brief media encounter, he was absent from the remaining public events. End note.)

13. (C) In a carefully choreographed show of unity, and as is the case every year, every item up for vote passed by a

considerable margin. The only surprise was the level of support for the controversial property law: 97 percent. That result seemed to catch many deputies off guard as well, as they let out a collective gasp, followed by the biggest applause of the day. As in past years, the Supreme People's Court (SPC) and Supreme People's Procuratorate (SPP) work reports garnered the lowest levels of support, reflecting continuing dissatisfaction with the corruption prevalent in China's justice system. Other items voted on at the closing session included Premier Wen Jiabao's Government Work Report, national economic and social development plan, the budget, corporate income tax law, a decision on the number and election of deputies to the 11th NPC (next year's NPC beginning in March 2008), separate methods for electing Hong Kong and Macao Deputies to the 11th NPC and the NPC Standing Committee work report.

**¶4. (U) The vote totals:**

Rept/Law	For	Against	Abstain	Not Vote	Percent
Govt WR	2862	17	10	0	99
Econ/Soc Dev	2737	92	56	4	95
Budget	2532	220	131	6	88
Property	2799	52	37	1	97
Inc Tax	2826	37	22	4	98
NPC Elect	2792	47	41	9	97
HK NPC Elect	2838	17	27	7	98
Macao NPC El	2852	11	19	7	99
NPC Report	2826	30	30	3	98
SPC	2395	359	127	8	83
SPP	2414	342	128	5	84

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Total number of Deputies present: 2889

**¶5. (C) Meanwhile, China's consultative body, the Chinese People's Political Consultative Conference (CPPCC) closed the day before.** As was the case last year, it overwhelmingly adopted a "political resolution" warning Taiwan authorities against seeking de jure independence. Less harsh than last year's resolution, the document nonetheless called for "firm opposition to secessionist activities in any form" and warned against efforts to seek de jure independence and urged expanded exchanges and cooperation across the Taiwan Strait. Although the CPPCC has no real power in China's political order, two CPPCC delegates with more than a decade of experience in the advisory body, told Emboff on the margins of this year's meetings that the CPPCC's role in providing technical advice to Chinese leaders is increasing (see ref a). Official media report that 2,023 CPPCC members submitted 4,516 opinions this year, with 206 being submitted directly to relevant ministries and agencies for study.

INCREASED TRANSPARENCY?

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**¶6. (C) As with past years, Chinese media coverage of the "Two Sessions" was intense.** Domestic press coverage seemed even to exceed last year's, according to Cao Huayin (protect), Secretary General at the China Reform Forum. Official

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Chinese media relentlessly produced pieces touting the "open" and "democratic" nature of this year's proceedings, citing several firsts: reporters could register for the sessions online; the address and location of delegations' hotels were publicized and overseas reporters were allowed to interview deputies directly; and drafts of important laws were translated into English. In practice, the "openness" of events was mixed. Some of the delegation meetings attended by poloffs and the press truly had an open, free-for-all feel to them, while others were carefully choreographed and designed to keep reporters at bay. The CRF's Cao summed up

the situation up best by noting that, despite the supposed "openness" of this year's sessions, the "propaganda" reported by official media was "worthless." Meaningful debates took place only behind closed doors. For example, delegation meetings to discuss the property law and corporate income tax laws were closed to the press.

COMMENT

7. (C) Despite the supposedly "open" nature of this year's "two meetings," it is clear their main purpose remains providing legitimacy and building consensus for decisions already made by the Party. While NPC debates may now be more lively, most meaningful discussions still take place behind closed doors. Nevertheless, the Party leadership is likely pleased with this year's NPC/CPPCC outcome. Over the past two weeks, there has been tremendous domestic and international attention given to the priorities of the Hu-Wen leadership: building a "harmonious society"; dealing with "people's livelihood" issues such as education, health care and housing; fighting corruption; and engaging in "balanced development" that protects the environment and conserves energy while also shrinking China's urban-rural, coastal-inland and rich-poor gaps. While the controversial property law was easily passed, its real impact is still unclear, according to Chang Shaoyang (protect), Deputy Editor at the Legal Daily. Most of the public still has no clue what the law is all about, and even experts such as Chang are not completely sure what to make of it, given that the text of the law has yet to be made public. Moreover, by focusing so intensely on the issues of concern to the Chinese public over the past two weeks, the leadership runs the risk of having raised expectations beyond its ability to deliver solutions.

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